

March 23, 2010

Timothy Firestone
Chief Administrative Officer
Montgomery County Government
Executive Office Building
101 Monroe Street, 2nd Floor
Rockville, MD 20850

Dear Mr. Firestone:

This is in follow-up to my December 31, 2009 letter to you informing you of City Staff's recommendation to no longer participate in the Montgomery County Self Insurance Program and instead use State of Maryland providers for workers' compensation and other lines of insurance. At that time, we felt it was prudent to explore other insurance options due to the large premium increase that the Montgomery County Self Insurance Program was proposing and the County's requirement that we sign a new participation agreement with terms potentially unfavorable to the City.

Yesterday evening, the Mayor and Council agreed with City Staff's recommendation to exit the County's program and use Injured Workers Insurance Fund (IWIF) and Local Government Insurance Trust (LGIT) as providers for workers' compensation and other lines of insurance effective July 1, 2010. Therefore, in accordance with the current program agreement, this letter serves as notification of our intent to cancel participation in the Montgomery County Insurance Program on June 30, 2010.

This has been a very difficult decision for the City because we appreciate our long-standing partnership in this area for over 30 years. We hope that the transition to our new carriers will be as seamless as possible. Thank you very much for the time you have spent considering alternatives with us. If any points of clarification are necessary, please do not hesitate to contact me.

Sincerely,

Scott Ullery
City Manager

cc: Terry Fleming, Division Manager, Montgomery County Government
Carlos A. Vargas, Chief Human Resources Officer
Debra Yerg Daniel, City Attorney
Gavin Cohen, Chief Financial Officer